

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

February 10, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Davidson, Lee, Mosher, and Noble

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:03 p.m. by Mayor Marshall, who presided. There was no Executive Session.

2. Oral Communications

- (a) Sherry Grindeland, Adult Co-Chair, and Samson Ayele, Youth Co-Chair of Bellevue Youth Link, invited Council to their annual Gumbo Night event.
- (b) Doug Hoople, a member of the Downtown Implementation Plan Citizen Advisory Committee, commented that he is disappointed with: 1) the CAC's recommendation to consider widening Bellevue Way and 112th Avenue, and 2) the Urban Subcommittee's decision to eliminate requested zoning changes in the vicinity of Main Street and 108th Avenue from further consideration.
- (c) Shannon Boldizar, Government Affairs Director, Bellevue Chamber of Commerce, submitted a letter outlining the Chamber's position regarding adoption of the Model B&O (Business and Occupation) Tax Ordinance. She thanked City staff for providing a thorough analysis on the revenue neutrality of the ordinance and the potential for cost shifting between business sectors. The Chamber is encouraged by the City's approach to adopting the model ordinance and creating exemptions that will help Bellevue remain business-friendly to current and future interests. The Chamber urges the City to be cognizant of the potential under the model ordinance for cost shifting between business sectors, especially when a business operates in multiple jurisdictions. Ms. Boldizar encouraged the City to educate businesses about the change and to implement a one-year trial period for the model ordinance.

- (d) Leslie Lloyd, President, Bellevue Downtown Association, said the BDA's official position on the Downtown Implementation Plan CAC was to not include any road widening projects in the preferred alternative. She requested a correction to the draft CAC minutes to reflect this position. The BDA suggests continued monitoring of local traffic conditions in relation to planned improvements to I-405, traffic volumes, and transit use. Ms. Lloyd said increased traffic on neighborhood streets and arterials is directly related to the need for increased capacity on regional freeways. She encouraged a regional focus on improving highway capacity and mass transit.

3. Study Session

(a) Council New Initiatives

Mayor Marshall noted recommendations in the Council Desk Packet for members of the new City building Technical Advisory Committee. Mrs. Marshall, Deputy Mayor Degginger, and Councilmember Creighton interviewed candidates and selected those with experience in construction, architecture, engineering, development, finance, and related areas likely to be issues in the City's review of the building. All of the recommended members are new to the City's public involvement process and will bring fresh perspectives and ideas to the project:

- Shiv Batra, CEO and President, INCA Engineers
- Richard Campbell, Campbell Construction Engineering
- Barton Drake, Associate Vice President, HNTB
- Ali Ghassemikia, President, Kia Co.
- Susan Ho, Director of Land Development, Lakeville Homes
- Douglas Leigh, Principal Architect, Mithun
- Mark Ludtka, Principal Architect, Callison Architecture
- Cort Olsen, Project Manager, Olympic Associates
- Charlotte Patterson, Architect, JPC Architects
- Laurie Tish, Director, Deloitte & Touche LLP
- Clay Wallace, Principal Architect, Wallace Design.

- ➡ Mr. Lee moved to appoint members as recommended to the new City building Technical Advisory Committee (TAC), and Mr. Mosher seconded the motion.

Mr. Creighton said he was pleased with the qualifications of all who applied for this committee. He noted that members live in different areas of the community and bring diverse interests and backgrounds to the committee.

- ➡ The motion to appoint the 11 recommended members to the new City building TAC carried by a vote of 7-0.

Mayor Marshall thanked everyone who applied and encouraged them to become involved in a future public process.

(b) Status Report on Downtown Implementation Plan

Planning Director Dan Stroh said the work of the Downtown Implementation Plan (DIP) Citizen Advisory Committee (CAC) is nearing completion. The final Environmental Impact Statement will be released in mid-March followed by the last CAC meeting.

Mr. Stroh explained that the current forecast assumes slower growth than originally anticipated when the DIP Update process began. He noted high downtown office vacancy rates and major construction projects that have been put on hold. 2020 job growth is now estimated at 28,000 new jobs, a reduction of 20 percent from the earlier forecast. Downtown growth is still expected to be strong, however, and average annual increases in employment and office space are projected to exceed historical levels.

Transportation Assistant Director Kris Liljeblad said two significant changes in transportation modeling from the draft EIS are the modified growth forecast and the withdrawal of proposals to widen Bellevue Way and/or 112th Avenue. Transit use is expected to double over the next 20 years in part due to increased frequency of bus service. The transportation analysis addressed roadway volumes, intersection level of service (LOS), operational simulation, and the benefits and impacts of one-way streets.

Mr. Liljeblad described the PM peak period screenline analysis, which looks at downtown roadway volumes throughout a defined corridor/area. In the previous draft EIS analysis, three of five screenlines exceeded a volume/capacity ratio of 1, meaning the roadway capacity is exceeded. In the updated baseline analysis, all screenlines perform at a V/C ratio below 1. Further analysis of the impact of one-way couplets showed substantial improvement over the baseline analysis, with all screenlines performing below a V/C ratio of .80. The benefit of one-way streets is most evident at intersections, which tend to experience the most congestion.

Mr. Liljeblad reviewed operational simulation results comparing the New Baseline, New Hybrid (I-405 ramps at NE 2nd and NE 10th Streets), and New Hybrid with One-way Couplets (106th and 108th Avenues) alternatives. One-way couplets improve intersection levels of service and approaches to intersections substantially. Similarly, the delay per vehicle is reduced significantly.

Mr. Liljeblad summarized that major transportation improvements are needed despite the lower growth forecast. The New Hybrid alternative improves the system to acceptable levels, and the New Hybrid with One-way Couplets alternative provides the most improvement in traffic circulation.

Mr. Stroh said the CAC's recommendations are organized into three packages: transportation, urban design, and subarea plan. Key items in the transportation package are:

- Doubling of downtown transit service,
- I-405 improvements consistent with I-405 Corridor Study,
- Additional I-405 access at NE 2nd and NE 10th Streets,
- Intersection improvements, and

- Neighborhood traffic control and parking management.

Mr. Stroh said the CAC voted on February 4 to include several Bellevue Way and 112th Avenue projects, which were previously studied in the draft EIS. Council provided direction on September 23, 2002, to not include these projects in the final plan and to not expend further resources to study the proposals. Unless Council directs otherwise, the projects will not be modeled as part of the DIP Preferred Alternative.

Mr. Stroh reviewed the urban design package which promotes a “Great Place” strategy incorporating numerous features including enhanced identification of seven downtown neighborhoods, the development of signature streets, mid-block pedestrian crossings, urban parks and open space, and elements to make downtown a more memorable place. The three major items to be addressed in the subarea plan package are affordable work force housing, historic resources, and improvements to the Main Street Corridor (referred to as the south transition).

In terms of next steps, the Preferred Alternative will be analyzed in the final EIS, which is scheduled for release in mid-March. The final CAC meeting will be held in March to finalize recommendations and approve the CAC’s transmittal to the City Council.

Mayor Marshall emphasized Council direction in September regarding eliminating further consideration of proposals to widen Bellevue Way and 112th Avenue.

Mr. Creighton, Co-Chair of the DIP CAC, said discussion of the Bellevue Way and 112th Avenue proposals was a major issue for the committee. He clarified that the CAC’s vote was to study the proposals further and should not be interpreted as an endorsement for roadway widening. He noted that several proposals were voted on by the CAC, despite Council’s position on widening either roadway.

Mayor Marshall commented on the inconsistency of the votes and the number of abstentions. Mr. Creighton said the members were voting on items they felt warranted further study and some are concerned about future traffic conditions if transit service and I-405 are not expanded as planned.

Responding to Mr. Noble, Mr. Stroh said items included in the Preferred Alternative for final EIS analysis can still be eliminated later. However, this is the end of a two-year process and the selection of items at this point is significant in terms of future direction. Mr. Liljeblad noted the budget implications of selecting items for final EIS analysis.

Deputy Mayor Degginger, a CAC member, said the proposals were studied in the draft EIS. He continues to support Council’s decision to eliminate proposals to widen Bellevue Way or 112th Avenue. Mr. Degginger described Council’s ongoing involvement in numerous regional forums to advocate for an enhanced regional transportation system and therefore avoid spillover congestion onto local streets.

Mr. Lee confirmed his support of Council's previous decision. He feels the City should do all it can to promote economic development and accommodate anticipated growth through innovative transportation planning. He supports a downtown circulator system and technological solutions.

Mr. Mosher favors a conservative approach similar to Council's approach to budgeting. He feels Council's decision to eliminate consideration of Bellevue Way and 112th Avenue widening is consistent with growth projections.

Dr. Davidson encouraged ongoing monitoring of downtown traffic and the Downtown Implementation Plan. He expressed concern that increased transit service will compete with on-street parking and vehicle lanes on downtown streets. Mr. Liljeblad said traffic conditions are monitored annually and the Transportation Facilities Plan (TFP) is updated every two years. In addition, the Commute Trip Reduction program focuses on encouraging alternative transportation modes and reducing SOV (single-occupancy vehicle) use. Mr. Liljeblad said City staff work with Metro on an ongoing basis to identify appropriate bus layover areas.

Mayor Marshall expressed support for the DIP Update process and direction. She noted Council consensus confirming prior direction to not consider widening Bellevue Way or 112th Avenue.

(c) City Business & Occupation (B&O) Tax and Model Ordinance Update

City Manager Steve Sarkozy asked staff to provide an update on the Model B&O (Business and Occupation) Tax Ordinance.

Diane Carlson, Director of Intergovernmental Relations, provided a brief history of the issue. The Association of Washington Businesses began discussing B&O tax inconsistency, including the lack of uniformity and the potential for duplicate taxation in different jurisdictions, in 1999. A Municipal Taxation Task Force was created in 1999 comprised of state legislators, cities, and business representatives to study the issue. After this group dissolved in late 1999, a City B&O Tax Task Force organized to address the same issues, resulting in the development of a model ordinance by 2001. In 2001, a Municipal Taxation Work Group was formed by the governor to review B&O taxes as part of an overall effort to ensure Washington provides a business-friendly environment. Councilmember Mosher represented cities on the governor's work group and the group's recommendations were incorporated into the model ordinance.

Ms. Carlson said four large cities (Seattle, Tacoma, Bellingham, and Everett) and some smaller cities have adopted the model ordinance. Bellevue City Council received periodic briefings on the development of the model ordinance and on November 19, 2001, passed Resolution No. 6622 declaring intent to adopt the Model B&O Tax Ordinance once the governor's work group completed its work and the ordinance was finalized. Bellevue staff have discussed the model ordinance with the Chamber of Commerce on several occasions.

Brad Miyake, Interim Finance Director, discussed the proposed B&O Tax Ordinance based on the model ordinance. He reviewed seven guiding principles used by a number of groups to develop the model ordinance (Page 3-55 of Council packet):

1. Clarity and consistency for businesses.
2. No multiple taxation on gross receipts. This was an important issue for the Association of Washington Businesses, who wants to ensure that businesses are not taxed by cities more than once for the same revenue.
3. Consistent assignment of gross receipts.
4. Ease of administration.
5. Local control.
6. Minimize revenue impacts and maintain revenue neutrality to ensure no significant loss in revenue to cities.
7. Periodic review and updates to ordinance on an annual basis based on changing legal, legislative, and economic conditions.

Mr. Miyake said Bellevue's proposed B&O Tax ordinance is essentially the same as the model ordinance with the following exceptions:

- Bellevue maintains its square footage tax, which is consistent with the principle of revenue neutrality for cities.
- Staff recommends that Bellevue maintain tax exemptions for all bona fide nonprofit organizations, while the model ordinance provides an exemption only for 501c(3) organizations.
- Bellevue's draft ordinance provides more liberal provisions for repaying back taxes as an incentive for voluntary registration.
- Bellevue's ordinance proposes a threshold of \$120,000 to register for B&O taxes while the model ordinance provides an exemption from B&O taxes for businesses generating more than \$20,000 in annual gross receipts.
- Bellevue currently charges an interest rate on delinquent taxes that is equal to the rate paid on refunds to taxpayers by the City. The model ordinance provides an interest rate 4 points higher than the interest rate paid by cities in the case of refunds.

Council action on the proposed B&O ordinance is scheduled for February 18, and the ordinance would become effective on January 1, 2004. This will allow time for staff to conduct outreach and education activities with the business community.

Councilmember Mosher described his involvement in this issue through the Association of Washington Cities. The Association of Washington Businesses analyzed anticipated impacts thoroughly and modifications were made to accommodate businesses and the software industry in particular. The Association of Washington Cities was interested in achieving taxation consistency, preserving revenue neutrality, and simplifying definitions and administration. If Bellevue adopts the principles of the model ordinance, cities representing more than 90 percent of B&O tax revenues will be in agreement. Mr. Mosher encouraged adoption to preclude legislative action that could alter B&O tax collection.

Noting Bellevue Chamber of Commerce's concerns about unanticipated consequences, Mr. Noble expressed support for ongoing monitoring and annual review of the B&O tax.

Dr. Davidson noted the Chamber's concern about the potential for cost shifting between business sectors. Lucy Liu, Assistant Tax Manager, said some shifting among business classifications could occur but Bellevue's tax rate is the same across the board.

Deputy Mayor Degginger supports the guiding principles of the model ordinance as well as Bellevue's exceptions to remain business-friendly and provide incentives for businesses.

Responding to Mayor Marshall and Mr. Creighton, Ms. Liu said the model ordinance allows some flexibility such as Bellevue's exceptions. Mr. Miyake noted that one of the guiding principles is maintaining local control. Mrs. Marshall summarized that the definitions and fundamental building blocks of both ordinances are the same, while accommodating local differences such as Bellevue's exemption for businesses earning less than \$120,000 annually. Mr. Miyake concurred with this interpretation.

Mr. Mosher supports Bellevue's exceptions because they are designed to be business-friendly.

Mayor Marshall said the B&O Ordinance will be included for Council action on the February 18 Consent Calendar.

At 7:37 p.m., Mayor Marshall declared a break. The meeting resumed at 7:47 p.m.

(d) Census Briefing

Mr. Sarkozy said tonight's presentation focusing on neighborhood-level census data represents the latest in a series of briefings to familiarize Council with results of the 2000 federal census.

Kevin O'Neill, Strategic Planning Manager, explained that census tracts are areas with a population of 2,500 to 8,000. There are 30 census tracts in Bellevue. Census blocks are subdivisions of tracts and contain 300 to 3,000 people.

Mr. O'Neill reviewed a series of maps depicting demographic traits of the community. One-person households, the fastest growing subset of households in Bellevue, comprise 28 percent of the city as a whole with the highest percentage of these households in West Bellevue and inner East Bellevue. The citywide median age was 38 in 2000 but varies throughout areas of the community. In 2000, 24.5 percent of Bellevue residents were born outside of the United States. Foreign-born residents represent 20 percent or more of the total population in many neighborhoods throughout the city. In neighborhoods south of I-90, areas with relatively high foreign-born populations also have high education and income levels. Similarly, 26.9 percent of Bellevue residents over the age of 5 spoke a language at home other than English in 2000.

Bellevue has a well-educated population with 54 percent of adult residents having at least a bachelor's degree. The highest education levels occur in neighborhoods south of I-90, along waterfronts, and in Bridle Trails. Educational attainment correlates strongly with areas of high incomes. Mr. O'Neill noted that the 2000 census gathered household income information based on 1999 incomes. The citywide median household income was \$62,338 in 1999, with a wide variation in income levels throughout Bellevue neighborhoods. Approximately 3.8 percent of

Bellevue families had income levels below the federal poverty level in 1999, compared to a countywide level of 8.5 percent. More than half of Bellevue had no families below the poverty level and some areas with pockets of poverty-level households had high overall median incomes.

Mr. O'Neill said 38 percent of Bellevue's working population are employed in Bellevue. Areas with the highest percentage of residents who also work in Bellevue are downtown and Wilburton. In terms of housing, 38 percent of the housing units in 2000 were built prior to 1970, particularly in areas of the city located north of I-90. Slightly less than half of all residents in 2000 said they lived in the same house as in 1995. Citywide, approximately 40 percent of housing units in 2000 were in structures with at least three units and 61 percent of housing units were owner occupied. Higher rates of home ownership occur in areas south of I-90, along waterfronts, and in Bridle Trails. Citywide, 29 percent of all households (25 percent of home owners and 39 percent of renters) pay more than 30 percent of their income for housing.

Mr. O'Neill concluded by noting that 74 percent of working Bellevue residents drive alone to work, representing a decrease from 1990. Areas with relatively low percentages of SOV commuters (less than 65 percent) are distributed throughout the community.

Mayor Marshall suggested an analysis of the correlation between existing transit routes and SOV vs. transit commuters. Mr. Stroh acknowledged a strong interest by City staff in the census information. Mayor Marshall feels the census information would be a good presentation topic for civic and business groups. Mr. Stroh agreed and said the information is provided on the City's web site. Mr. O'Neill noted that additional census information will be released in June or July.

- (e) Resolution No. 6810 authorizing the execution of an agreement for architectural and engineering services for the adaptive reuse of the City-owned Qwest facility at 450 110th Avenue NE and surrounding site area with NBBJ Architects in an amount not to exceed \$600,000.

Carla Weinheimer, Community Development Manager, said Resolution No. 6810 approves the first of two contracts for the adaptive reuse of the City-owned building at 450 110th Avenue NE. This first contract represents the 50-percent schematic design phase and will enable staff to establish a project scope and budget. The second contract will cover the remaining design and construction phases.

Deputy Mayor Degginger feels this is a significant contract in terms of setting the tone for the project and the important issues such as risk management. He said large construction projects typically experience some type of claim activity, which he would prefer to avoid. Mr. Degginger noted discussions in recent weeks regarding how best to handle liabilities and risks and said alternatives have been identified. Potential insurance costs are not fully known because project costs have not been developed.

Responding to Mr. Creighton, Risk Manager Joanne Nicolai said staff has requested preliminary quotes of potential insurance costs and two estimates (\$354,000 and \$345,000) have been

received. NBBJ Architects estimates a cost of \$398,000 for a project-specific professional liability policy to cover the full length of the project.

Mr. Mosher acknowledged that this issue will become more important later in the process. However, Council would like to know the potential costs in order to develop the project scope. Ms. Nicolai said the project's bidding approach will influence insurance rates as well.

- Deputy Mayor Degginger moved to approve Resolution No. 6810, amended to include the scope of work provided in Council's desk packet. Mr. Mosher seconded the motion.

Mr. Sarkozy said the revised scope of work clarifies the elements to be completed in the 50-percent schematic design phase and specifies project cost targets. The clarifications resulted from a discussion in the Mayor's Meeting and do not change the intent of the agreement.

- The motion to approve Resolution No. 6810, as amended by the scope of work in Council's desk packet, carried by a vote of 7-0.

(f) Forest Drive (Coal Creek Parkway to SE 63rd Street) Project Update

Mr. Sarkozy asked staff to provide an update on the Forest Drive project intended to address motor vehicle, pedestrian, and bicycle safety issues. Transportation Director Goran Sparrman said staff will return to Council in a few months with a final project and budget recommendation.

Nancy LaCombe, Project Manager, said the project covers Forest Drive between SE 63rd Street and Coal Creek Parkway. She presented photos of the roadway as it exists today, which includes a sharp curve and a 15-percent grade as Forest Drive approaches the traffic signal at Coal Creek Parkway. Since 1999, 33 accidents have occurred along the road including 12 at the approach to Coal Creek Parkway. In August 1999, a warning sign was installed before the downgrade and in November 1999 flashers were installed on the sign. Three rollover accidents have occurred near the Coal Creek Parkway/Forest Drive intersection. There are no pedestrian or bicycle facilities along Forest Drive and the average motor vehicle speed is 50 to 54 miles per hour.

Ms. LaCombe said approximately \$700,000 has been spent on the project to date including a geotechnical analysis, the installation of noise monitors, and an environmental assessment. The U.S. Corps of Engineers recently informed City staff it will take jurisdiction of some environmentally sensitive areas along the corridor. City staff has been working with Olympic Pipeline to determine any impacts associated with the pipeline that crosses Coal Creek Parkway. Relocation of the pipeline is estimated at \$1.5 million. A gas line along Forest Drive must be relocated as well at an estimated cost of \$1 million.

Ms. LaCombe reviewed the 50-percent design phase project cost estimate totaling \$18,750,000, which includes the relocation of utilities although responsibility for these specific costs has not been established. The existing Capital Investment Program (CIP) budget for this project is \$8,413,000, reflecting a potential deficit of \$10,337,000. A value engineering analysis has been conducted, representing a relatively quick and cost-effective way to obtain an independent

review of the overall project. This analysis resulted in 18 proposals, and the project team recommended moving eight of these forward for further evaluation.

Ms. LaCombe explained the project is divided into a lower portion and an upper portion, with the lower portion focusing on vehicle safety and extensive construction and the upper portion addressing vehicle speeds and bicycle/pedestrian safety. A three-phase construction is anticipated. The first phase will widen the existing pavement slightly to the north side of Forest Drive. The second phase will move traffic to the south side and conduct excavation on the north side. The third phase will shift traffic to the north side to allow excavation of the south side.

Ms. LaCombe reviewed the public involvement process which included mailings and an open house meeting in November 2000, staff presentations at homeowner associations meetings, discussions with the Transportation Commission, and presentation to the Pedestrian/Bicycle Citizen Advisory Committee. In January 2003, a community mailing went out and an open house was held on January 15. Project information is also available on the City's web site. The project was recently presented to the Transportation Commission on December 12, 2002, and on January 23, 2003. The Transportation Commission expressed support for staff's recommendation and requested additional information on the scoping process.

Ms. LaCombe said staff recommends the following immediate improvements:

- Restripe entire Forest Drive corridor from Coal Creek Parkway to SE 63rd Street with bike lanes and left-turn pockets, most of which can occur within the existing pavement.
- Add a trail on the south side of the road.
- Modify striping and signage near Coal Creek Parkway.

Responding to Mr. Lee, Ms. LaCombe explained that when the U.S. Corps of Engineers takes jurisdiction over areas, the result is additional drainage, water quality, and detention requirements which are more stringent than the City's current requirements.

Mayor Marshall noted the safety hazard of the stream running over the road and freezing at times. Mr. Sparrman said staff is exploring options for detouring the water and enhancing the friction conditions of the road surface.

Ms. LaCombe summarized the revised estimated project costs of \$3,350,000, including construction costs of \$2.3 million, for a potential savings of approximately \$5 million compared to the project budget of \$8.4 million. Responding to Mr. Creighton, Ms. LaCombe said the \$2.3 million includes an overlay through the entire area, drainage improvements, the trail on the south side, striping, and signage.

Mr. Lee commended the Value Engineering team for its work. He supports staff's recommendation.

Mayor Marshall said this represents a portion of the project with additional safety issues to be addressed in the future. She favors eventual regrading of the roadway. Mr. Sparrman concurred and feels this option will achieve immediate benefits along the road.

Responding to Mr. Creighton, Mr. Sparrman said staff will continue to seek grant funding for future improvements, although competition for funds is intense.

- ➡ Deputy Mayor Degginger moved to approve staff's recommendations for immediate improvements and to continue to investigate further alternatives and costs for the lower portion of Forest Drive. Mr. Mosher seconded the motion.

Mr. Degginger supports the signage and pedestrian/bicycle improvements and looks forward to the Transportation Commission's recommendation.

Mr. Creighton suggested enhanced signage to warn of the potential for rollover accidents.

- ➡ The motion to approve staff's recommendations for immediate improvements and to continue to investigate further alternatives and costs for the lower portion of Forest Drive carried by a vote of 7-0.

At 8:55 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

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